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Attachment to
USIB-D-53.1/4
Limited Distribution
8 July 1960

MEMORANDUM FOR: Chairman, The United States Intelligence Board
SUBJECT : Estimated Foreign Intelligence Costs for Fiscal Year 1959

1. This report on estimated foreign intelligence costs for Fiscal Year 1959 was prepared pursuant to instructions approved by the United States Intelligence Board on 23 June 1959. (See Attachment to USIB-D-53.1/1 dated 3 June 1959).
2. The purpose of the report is to provide a clear and meaningful estimate of the United States intelligence costs as an essential aid to the Director of Central Intelligence in carrying out his responsibilities to coordinate the foreign intelligence effort of the United States and to the United States Intelligence Board in support of their responsibility to establish policies and develop programs for the guidance of all departments and agencies concerned. A secondary purpose is to provide an agreed estimate of intelligence costs which would be available for distribution to competent authority outside of the Intelligence Community.
3. The scope of the cost estimates contained in this report covers those United States foreign intelligence activities that are subject to the coordinating authority of the Director of Central Intelligence and to the guidance of policies established and programs developed by the United States Intelligence Board.
4. This report is to serve a purely statistical purpose inasmuch as costs can only be distributed into some of the functional categories by resorting to individual judgments which are subject to varying degrees of interpretation.
5. The cost estimates have been developed on the basis of actual obligations incurred during the fiscal year ending 30 June 1959 and derived from two basic types of cost data:

Direct Obligations: Those obligations actually incurred by an intelligence command, bureau or element thereof, or any comparable intelligence organization which actually performs the intelligence activity involved and can identify the related obligations. In essence, such obligations are those under the direct control of an intelligence organization or an intelligence element of a larger organization.

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Indirect Obligations: Those obligations which appear in non-intelligence commands, bureaus, services, or other comparable organizations as a part of their own budget operations, but can be identified as being in support of an intelligence activity, e.g., Research and Development projects performed for foreign intelligence purposes.

6. The methods used by the departments and agencies in computing and reporting the cost estimates have varied; for example:

Navy and Air Force have included all their identifiable production and dissemination costs under the single heading of "Naval" and "Air" Intelligence respectively.

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The auxiliary items of Administration, Training, Communications, Security, Research, etc., are not segregated because costs of these items cannot be meaningfully related to State's "foreign intelligence"

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operation. That is, no meaningful proration of "training" costs, for example, can be determined as specifically applicable to "foreign intelligence" as separate and apart from other or regular Foreign Service operations. Further, overseas costs for such items as "translation," "printing and reproduction," etc., in addition to being meaningless when related to "intelligence," could be developed only on an arbitrary and inaccurate basis.

7. The report consists of an over-all summary by function, including tabulation of both costs and man-years of all departments and agencies and similar tabulations for the Department of Defense. Essentially the same data in chart form has been prepared and one copy is available to each member of the Board through their representative on the Cost Estimates Committee.

8. In accordance with previous approval by the USIB, there are attached a letter addressed to the Director, Bureau of the Budget (Annex A), and a memorandum addressed to the Chairman, President's Board of Consultants on Foreign Intelligence Activities (Annex B), transmitting a copy of the first part of the report.

9. The USIB members have been furnished previously a copy of the letter to Mr. Cannon, Chairman, Committee on Appropriations, House of Representatives, dated 6 April 1960, transmitting a brief summary of the report which was approved by the Board at its meeting on 5 April 1960.

10. Your Committee, in preparing the report, encountered many difficulties and, as a result of this experience, at a later date will submit recommendations of proposed changes in the content and format of subsequent reports.

E. R. SAUNDERS

Chairman
Cost Estimates Committee

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